



**National
Foreign
Assessment
Center**

Secret

25X1

China's View of Relations With the New US Administration

An Intelligence Assessment

State Dept. review completed

Secret

*PA 81-10227
June 1981*

Copy **142**

Page Denied



**National
Foreign
Assessment
Center**

Secret

25X1

China's View of Relations With the New US Administration

25X1

An Intelligence Assessment

*Information available as of 2 June 1981
has been used in the preparation of this report*

The author of this paper is [] Office
of Political Analysis. Comments and queries are
welcome and should be directed to the Chief, China
Branch, OPA, []

25X1

25X1

This report was coordinated with the Acting National
Intelligence Officer for East Asia, []

25X1

Secret

*PA 81-10227
June 1981*

Secret

25X1

**China's View of Relations
With the New US Administration**

25X1

Key Judgments

Beijing has tentatively concluded that Sino-US relations can continue to improve under the new US administration. At the same time, China remains concerned that Washington will take Beijing for granted and will not respect Chinese sensitivities and interests regarding Taiwan. Ferment in Chinese domestic affairs has aggravated differences with the United States over Taiwan.

Recent US actions have reassured Beijing about the stability of the relationship and its potential for further growth. This has taken place despite China's continued uneasiness over the prospect of US arms sales to Taiwan and persistent dissatisfaction with the terms of the Taiwan Relations Act. China has been particularly encouraged by US statements reaffirming the bases of normalization, by Ambassador Chai's meetings with the President and Secretary Haig, and by the visit to China of former President Ford and the scheduled visit by Secretary Haig.

Beijing continues to insist that the basis for a firm and comprehensive Sino-US relationship is agreement on the need to oppose Soviet aggression. China looks to the United States to formulate its policies in light of this imperative and questions US constancy in opposing Soviet actions when Washington responds to other needs and pressures, particularly on the Taiwan question. Chinese leaders have made a point of assuring the United States that they will maintain a strongly anti-Soviet stance and have encouraged the United States to play a more active role in Indochina and South Asia—areas of major Chinese interest in opposing Soviet positions.

Beijing still expects relations with the United States to expand in the security and economic as well as the diplomatic areas. Despite economic retrenchment in China, trade is flourishing, and Beijing continues to express an interest in obtaining US military equipment and technology. China's continued emphasis on the strategic underpinning of Sino-US ties indicates a desire to give an ever broader political basis to the relationship. While hoping to expand its connections with the United States, Beijing will continue to press the United States not to give an official character to its ties with Taiwan, and particularly not to sell new arms to Taipei.

25X1

Secret

25X1

**China's View of Relations
With the New US Administration**

25X1

Beijing's Assessment

Chinese assessments of the incoming US administration at the end of last year indicated confidence that US policy toward China would not change substantially and a belief that the United States would be more steadfast in opposing Soviet expansionism. At the same time, Chinese public and private statements showed a deep concern that the United States might regard China as a negligible factor in international affairs and thus conclude that it could ignore Chinese interests. The Chinese were most sensitive to the possibility that the United States might consider that its strong anti-Soviet stance would be sufficiently attractive to cause China to look the other way while Washington improved its ties with Taiwan. Beijing has thus been intent on warning that the Taiwan question cannot be isolated from the context of Sino-US relations and that any such attempt was tantamount to a "two-Chinas" policy.

These fears led Beijing to speak forcefully and openly in the winter of 1980-81 on what it called the disastrous consequences to bilateral relations if the United States moved to upgrade relations with Taiwan. Two concerns were uppermost in Chinese minds: that the new US administration would give an official character to its relations with Taiwan and that it would quickly sell arms to Taiwan. After the election, Beijing increased its warnings about the unfavorable consequences of both of these steps. Confident that the new administration would want to preserve the strategic benefits it derived from the Sino-US relationship, the Chinese attempted to appeal to what they took to be the administration's recognition of its need for good relations with China.

US visitors to Beijing during the transition period were told by Chinese leaders that efforts to upgrade relations with Taiwan could be "dangerous" and could "worsen" US-Chinese relations. A Chinese newspaper warned that any change in the character of US relations with Taiwan would "definitely lead to a retrogression" in Sino-US relations.

The extent of Chinese sensitivities and concern over the new administration's policy toward Taiwan was demonstrated by the extraordinary attention devoted to the question of possible attendance by Taiwan officials at President Reagan's inauguration. Vice Foreign Minister Zhang Wenjin told former Ambassador Woodcock on 17 January that the invitations were viewed as "a serious affair" in Beijing. Both the Chinese and the Beijing-controlled Hong Kong press waged a vigorous campaign on this issue in the days before the inauguration, imputing major significance to the subject until the issue was worked out to Beijing's satisfaction. More recently, Beijing has reacted with sharp public commentary to statements by US administration officials that it believes imply the existence of an official relationship between the United States and Taiwan.

Arms Sales to Taiwan

25X1

The major Chinese concern is with the nature and scope of future US arms sales to Taiwan. This concern imparted additional urgency to Beijing's efforts beginning in November to forestall a \$500 million sale to Taiwan by the Netherlands that included two submarines to be built by the Dutch and nuclear power plant equipment. Beijing exerted progressively greater pressure on the Netherlands in an effort to block the sale of the submarines, moving from a "strong protest" to threats of political retaliation, economic sanctions, and the reduction of diplomatic relations to the charge level. When on 20 February the Dutch Government confirmed its decision to sell the submarines, the Chinese requested that the Netherlands remove its Ambassador from Beijing and formally recalled their own envoy from The Hague.

The Chinese reaction to the Dutch sale was clearly intended as a warning to the United States. As one Chinese official put it, "the whole point of our forceful protest to the Dutch" is to dissuade the United States

25X1

Secret

Secret

from selling arms to Taiwan. From the outset, Chinese commentary linked Dutch willingness to proceed with the sale of the submarines to emergence of an "adverse current" in the West favoring a "two Chinas" or a "one China, one Taiwan" approach. Beijing appears convinced that this trend developed in part because pro-Taiwan forces had regained influence in the United States with the new administration. []

The Chinese assert and almost certainly believe that statements by members of the new US administration have fed Taiwan's intransigence, thus damaging prospects for peaceful reunification. A major theme during the visit to the United States in March of Ji Chaozhu, Deputy Director of the Foreign Ministry's American and Oceanian Department, was Beijing's commitment to peaceful reunification with Taiwan; Beijing has repeatedly emphasized that US arms shipments to Taiwan impede this process by encouraging Taipei to reject overtures for a peaceful accommodation. []

Ji, whose statements had a self-serving element, argued that the longer the United States desists from providing new weapons to Taipei, the more China will be able to demonstrate its peaceful intentions toward Taiwan. He has also asked that arms sales to Taiwan be delayed a year. These and other Chinese statements indicate Beijing realizes that the United States will make further arms sales to Taiwan, while implying that Chinese opposition to subsequent arms sales would be less damaging as Sino-US relations become further stabilized. []

Domestic Implications

To reinforce Beijing's expressions of concern over the Taiwan question, several Chinese officials have pointed to potentially unfavorable consequences in Chinese domestic politics of any change in US policy toward Taiwan. This point, which was made by Han Xu during a visit to the United States in November and repeated by other Chinese to Americans, was intended to prompt the United States to reconsider steps that could undermine the position of Deng Xiaoping, the leader most directly associated with Sino-US normalization. Ji Chaozhu stated during his trip to the United States in March that his government

was under great pressure from the Chinese people on this issue, and a functionary of the New China News Agency in Hong Kong remarked in mid-January that no Chinese leadership "could afford" to acquiesce in steps that made the Taiwan leaders less willing to accept peaceful reunification. []

These statements result from a concern in Beijing that US policy toward Taiwan could undermine the basis for normalization by failing both to respect Chinese nationalistic sensitivities and to subordinate policy differences to the strategic imperative of joint opposition to the Soviets. While probably not in itself fatal to Deng, a shift in US policy toward Taiwan could add to Deng's accumulated problems at a time when his policies have been under pressure across a broad front. Any US moves to give an official character to relations or to undertake a major arms sales to Taiwan would leave Deng vulnerable to the charge that he personally miscalculated during the normalization negotiations or that this policy could not survive a change in US administration. Deng appears to have made adjustments to cope with criticism in the past, and he would certainly attempt to make corresponding adjustments to Sino-US relations in the event of improvements in US relations with Taiwan. []

Meeting the Soviet Threat

The question of US relations with Taiwan is important to China both intrinsically and as an indication of US willingness to subordinate these relations to the strategic interests underlying the Sino-US relationship. For example, Beijing drew confidence from the US response to the invasion of Afghanistan, but it claims to remain skeptical of US reliability in jointly facing Moscow as long as Washington is willing to endanger its relations with Beijing by continuing to weigh closer ties to Taiwan. Beijing has repeatedly urged the United States to show determination in opposing Moscow and has voiced some puzzlement and concern over the implications of the removal of the partial grain embargo on the USSR. Implicit in China's position is the concern that similar political pressures might result in shifts in US policy on Taiwan. []

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

This case was stated most baldly by a Chinese newspaper in late January when it asked, "In opposing Soviet hegemonism and expansionism and upholding world peace today, is it possible to go without China?" Similarly, Foreign Minister Huang Hua told Ambassador Woodcock during his farewell call on 11 February that the benefits of the Sino-US relationship should be "viewed in the context of the overall world situation"—a Chinese euphemism for Soviet aggressiveness. [redacted]

In conveying this message the Chinese have also offered support for a number of US initiatives and have encouraged Washington to continue to take a firm line with the USSR. Chinese propaganda has reported favorably on projected increases in US defense spending and on more assertive moves by the United States to counter the USSR and its proxies in various regions. Beijing has advised the United States to delay responding to Brezhnev's suggestion for a summit, and Chinese propaganda has sought to induce the West Europeans to work out differences with the United States on the enhanced radiation warhead, urging them to "see through the designs" of the USSR in opposing deployment of this weapon. Beijing also welcomed the visit of Japanese Premier Suzuki to the United States and the meeting of the NATO Foreign Ministers as evidence of greater Western cohesion in the face of the Soviet threat. [redacted]

Beijing has sought in a number of ways to demonstrate the firmness and constancy of its opposition to the Soviet Union in order to encourage the United States and the other Western powers to maintain a strong anti-Soviet stance. Huang Hua, for instance, assured Ambassador Woodcock that China will not play the "Soviet card," and Ambassador Chai told Under Secretary Stoessel in late March that China had rebuffed a Soviet offer to open negotiations. Similarly, China has dismissed as "plain hypocrisy" Brezhnev's proposal to the recent Soviet party congress to discuss confidence-building measures in the Far East. [redacted]

Policy in South and Southeast Asia

China has been particularly active in promoting US support for a coalition of resistance forces in Kampuchea. Realizing that Pol Pot's unsavory reputa-

tion is a political liability and fearing that international acceptance of Pol Pot's Democratic Kampuchea is weakening, Beijing has become more active since last December in working behind the scenes to widen the anti-Vietnamese political base in Kampuchea through the establishment of a coalition that includes non-Communist forces as well as Prince Sihanouk. In mid-February the Chinese Foreign Ministry formally 25X1 called for US support for a united front and for increased economic and military aid to Kampuchean forces opposing Vietnam. This approach has been reiterated by high-ranking Chinese diplomats and, most recently, by Huang Hua to former President Ford during his visit in late March. [redacted] 25X1

Beijing has made similar approaches to Australia, the ASEAN¹ countries, and Japan, wishing to ease the diplomatic problems created for it by its close association with Democratic Kampuchea. China probably assumes that an active US role, moreover, would make the united front a more viable and attractive force, would complicate the situation for Vietnam (and its Soviet patron), would ease ASEAN's concern over Chinese intentions in Southeast Asia, and would ease Beijing's problems of enlisting greater ASEAN and Australian support for opposition to Vietnam in 25X1 Kampuchea. Beijing recently has urged the United States to maintain an unyielding, long-term effort to roll back the Vietnamese gains in Indochina and not be diverted from this effort by crises in other areas. [redacted]

25X1

The Chinese have coupled the issues of Afghanistan and Kampuchea to stress the importance of a firm stance against aggression. In this connection, Beijing has been attempting to induce the United States to expand its aid to Pakistan, particularly since the invasion of Afghanistan. In recent months Huang Hua has told the Australian Foreign Minister that Western aid to Pakistan is "far from enough," and Ji Chaozhu stated during his US visit that it is "necessary to do more to help the Pakistanis," a point made again by Huang Hua to former President Ford. At the same 25X1

¹ ASEAN, the Association of Southeast Asian Nations, consists of Indonesia, Malaysia, Singapore, Thailand, and the Philippines. [redacted]

25X1

Secret

Secret

time, however, it is unclear what, if anything, Beijing will be willing to do to facilitate cooperation between the United States and Pakistan. Up to now, the Chinese have explained their reluctance to be involved by maintaining that the security aspects of Sino-Pakistani relations are a strictly bilateral matter. [redacted]

Beijing's Concerns

Although pleased with the evolution of US policy, Beijing continues to be concerned that the United States will view Sino-US relations as a "card" to be played against Moscow. This concern has been clear in statements such as that attributed to Deng in January that the United States must recognize that relations with China are in its vital interests. This statement has been repeated by other Chinese, who emphasize that a stable, long-term relationship can develop only on the basis of an acknowledgment by the United States of its need for close ties with Beijing. [redacted]

In recent months Beijing has repeatedly condemned the Taiwan Relations Act, underscoring its continuing concern that the United States will attempt to use this legislation to give an official character to its contacts with Taipei. During the visit to Beijing of former President Ford in late March, Huang Hua identified Taiwan as the "biggest obstacle" to improved Sino-US relations and reiterated China's contention that the Taiwan Relations Act is incompatible with the joint communique of December 1978 establishing relations between the United States and China. The Chinese press continues to argue this line frequently, and recently characterized the Act as an "obstacle" to improved Sino-US relations—a step short of demanding that the administration rescind the legislation. China is determined to continue to register its disapproval of US administration statements affirming adherence to the Taiwan Relations Act. Beijing also will continue to press the United States not to use this legislation to expand its contacts with Taiwan. [redacted]

One of Beijing's major preoccupations over the next few months will continue to be with the question of US arms sales to Taiwan; the possible sale of the FX aircraft will be a particularly sensitive issue. While showing great concern on this question, China has not indicated how it would respond to the sale of either the

F16/79 or the F5G versions of the aircraft. In answer to a question on how China would react, a senior Foreign Ministry official said in late February: "Watch how we handle the Dutch." Beijing probably hopes to deter the United States from selling the FX to Taiwan by such ambiguity, which suggests but does not directly threaten serious consequences to relations. [redacted]

The Chinese desire that US arms sales to Taiwan be postponed is based on the hope that the domestic situation in China will be stabilized soon and that Sino-US relations will broaden substantially. Although Beijing would react strongly to the provision of any advanced weapons to Taiwan, its reaction would be less damaging to Sino-US relations if these relations had in the meantime progressed significantly beyond their current status. [redacted]

Emerging Outlines

While working to assure itself that the United States will continue to pursue a policy consistent with the terms of the communique announcing the establishment of relations, Beijing is also attempting to give greater substance to bilateral relations. Huang Hua told Ambassador Woodcock during the US envoy's farewell call that it will be important throughout the 1980s to deepen understanding and "to intensify mutual consultations" between China and the United States. This message was spelled out in detail by Ji Chaozhu during his visit to the United States in March, when he stressed the need for high-level consultations, stated that there is more room for progress in relations, and said that China hoped that professional military exchanges with the United States will continue. [redacted]

Chinese invitations to President Reagan, Secretary Haig, and Under Secretary Stoessel are intended to serve this purpose by engaging the United States in consultations on major bilateral issues. Beijing hopes to make a firm connection in the minds of US leaders between the necessity for joint opposition to Soviet activities and the need for Washington to respect Chinese views on the Taiwan question. Beijing will use the

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

high-level consultations it hopes to conduct in coming months to delay and reduce as much as possible new US moves toward Taiwan, particularly in the area of arms sales. [REDACTED]

25X1

Recent Chinese statements, moreover, suggest that Beijing may directly and explicitly attempt to tie future development of relations to US action on Taiwan. China almost certainly will not attempt to give the relationship with the United States a more formal character but will seek to deepen US commitments both within the bilateral framework and in support of Chinese positions in those areas, notably Indochina and South Asia, where the Soviet threat is most directly felt. It will also work to establish closer economic and security ties as part of its effort to give greater substance to the overall political relationship and to give the United States greater incentive not to expand its contacts with Taiwan. [REDACTED]

25X1

Secret

Secret

Approved For Release 2008/07/29 : CIA-RDP03T02547R000100180001-2

Secret

Approved For Release 2008/07/29 : CIA-RDP03T02547R000100180001-2